

WSGR ALERT

JANUARY 2012

IRS RELEASES FORM OF INFORMATION RETURN FOR CORPORATE ACTIONS AFFECTING STOCK TAX BASIS

On January 13, 2011, Wilson Sonsini Goodrich & Rosati issued an alert that described certain tax reporting requirements for any domestic or foreign corporation that undertakes an "organizational action," such as a merger, acquisition, recapitalization (including a stock split or stock dividend), certain redemptions, or similar transactions, that affects the tax basis of its outstanding stock.¹ Under the reporting requirements, the organization must file an information return with the Internal Revenue Service (IRS) or publish certain information on its website within 45 days of the organizational action. If an information return is filed with the IRS, the organization also is required to provide written statements to its shareholders (or their nominees) by January 15 of the following calendar year.

During 2011, the IRS issued Notice 2011-18, which offered relief to taxpayers who did not comply with the 45-day reporting requirement as long as they reported any organizational action occurring in 2011 by January 17, 2012. This notice did not provide relief from the deadline for providing written statements to shareholders, which, for organizational actions taking place in 2011, is January 17, 2012. On January 5, 2012, the IRS released IRS Form 8937, the form of information return for organizational actions. Any domestic or foreign corporation that undertook an organizational action in 2011 is required to file IRS Form 8937 or post a copy of the completed form on its website, as well as provide written statements to its shareholders, if applicable, by January 17, 2012.

Please visit <http://www.irs.gov/pub/irs-pdf/f8937.pdf> to obtain Form 8937 and <http://www.irs.gov/pub/irs-pdf/i8937.pdf> for the instructions to Form 8937.

If you have any questions regarding the new reporting requirements, please contact a member of Wilson Sonsini Goodrich & Rosati's tax practice:

¹ For more information, please read the full WSGR Alert, which is available at http://www.wsgr.com/WSGR/Display.aspx?SectionName=publications/PDFSearch/wsgralert_stock_tax_basis.htm.

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This communication is provided for your information only and is not intended to constitute professional advice as to any particular situation. We would be pleased to provide you with specific advice about particular situations, if desired. Do not hesitate to contact us.

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